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August 3, 2017

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By ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: Ex Parte Submission
WC Docket No. 17-126
ITC-T/C-20170511-00094, ITC-T/C-20170511-00095

Dear Ms. Dortch:

The Wright Petitioners, by and through their counsel, and pursuant to Section 1.1206(b) of the Commission's rules, hereby submit this Ex Parte Presentation regarding the above-referenced transfer of control applications (the "Transaction").

Specifically, attached hereto as Exhibit A is a copy of the August 2, 2017 order by the Regulatory Commission of Alaska taking two actions:

1. granting confidential treatment of financial information submitted in its June 14, 2017, application, and
2. establishing a timeline for issuing a decision on the Transaction.

This Order raises additional serious concerns that Securus had not obtained "all necessary State/PSC/PUC approvals" when it met with the FCC on July 27, 2017.¹

Previously, the Wright Petitioners submitted a *Scoping Memo and Ruling of Assigned Commissioner* from the California Public Utilities Commission Docket #A.17-05-011 regarding the pending Transaction, in which Securus was advised – on July 20, 2017 - that "the August 1, 2017 target completion date for the transfer of control was not possible."²

¹ See Ex Parte Presentation, July 31, 2017, pg. 5 (<https://www.fcc.gov/ecfs/filing/10731024012148>).

² See Ex Parte Presentation, July 31, 2017, Exhibit A (<https://www.fcc.gov/ecfs/filing/107312104209329>).

The Alaska Order is additional evidence that the representations made to the Commission on July 27, 2017 was not accurate. As of August 2, 2017, neither California nor Alaska, two states in which Securus provides inmate communications services, had approved the transaction.

It is well established that the Commission requires all parties coming before it to act with full candor. As expressed in *Leflore Broadcasting Company, Inc.*, this requirement is essential:

Ever since the Supreme Court's decision in *Federal Communications Commission v. WOKO, Inc.*, it has been clear that the Commission may refuse to renew a license where there has been willful and knowing misrepresentation or lack of candor in dealing with the Commission. Because effective regulation is premised upon the agency's ability to depend upon the representations made to it by its licensees, "[t]he fact of concealment [is] more significant than the facts concealed."³

Clearly, Securus was aware that it had not received approval from the California Public Utilities Commission on July 27, 2017, since it had previously participated in a pre-hearing conference call just seven days earlier wherein it was advised that a closing date of August 1, 2017 was not possible. The additional evidence that Securus had not received approval from the Regulatory Commission of Alaska on July 27, 2017, only adds to the serious concerns that Securus provided misleading information to the Commission on July 27th.

Until the Commission receives a public explanation as to why it was provided incorrect information, the public interest, convenience and necessity demands that the Transaction must not be approved. Should there be any questions regarding this submission, please contact undersigned counsel.

Respectfully submitted,



Lee G. Petro

Counsel for the Wright Petitioners

³ See *Leflore Broadcasting Co. Inc. v. FCC*, 636 F.2d 454, 461 (D.C. Cir. 1980), citing *FCC v. WOKO, Inc.*, 329 U.S. 223 (1946).

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cc (by/email):

Chairman Ajit Pai

Commissioner Mignon Clyburn

Commissioner Michael O’Rielly

Brendan Carr, General Counsel

Kris Monteith, Chief, Wireline Competition Bureau

Tom Sullivan, Chief, International Bureau

Rosemary Harold, Chief, Enforcement Bureau

Nicholas Degani, Office of Chairman Pai

Jay Schwarz, Office of Chairman Pai

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Richard Hindman, Enforcement Bureau

Sumita Mukhoty, International Bureau

Paul C. Besozzi, Counsel for Transferor and Licensees

William B. Wilhelm, Jr., Counsel for the Transferee

EXHIBIT A

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Stephen McAlpine, Chairman
Rebecca L. Pauli
Robert M. Pickett
Norman Rokeberg
Janis W. Wilson

In the Matter of the Application Filed by SCRS)
Acquisition Corporation to Acquire a Controlling)
Interest in SECURUS TECHNOLOGIES, INC.)
Holder of Certificate of Public Convenience and)
Necessity Nos. 461 and 758 from Securus)
Investment Holdings, LLC)

U-17-040
ORDER NO. 2

**ORDER GRANTING PETITION FOR CONFIDENTIAL TREATMENT
AND ESTABLISHING TIMELINE FOR DECISION**

BY THE COMMISSION:

Summary

We grant the petition for confidential treatment and address the timeline for a decision in this proceeding.

Background

SCRS Acquisition Corporation (SCRS), Securus Investment Holdings, LLC (SIH), and Securus Technologies, Inc. (STI) (collectively, Applicants) jointly filed an application requesting approval for SCRS to acquire an indirect controlling interest in STI, from SIH.¹ Applicants also filed a petition for confidential treatment of certain competitively sensitive financial information.² We issued public notice of the joint

¹*Application for Authority to Acquire an Indirect Controlling Interest in Securus Technologies, Inc.*, filed June 14, 2017. The Applicants state that the transaction involves only a change in indirect ownership of STI, the holder of Certificates of Public Convenience and Necessity Nos. 461 and 758, and that it will essentially be transparent to STI's customers. *Id.* at 1-2.

²*Petition for Confidential Treatment*, filed June 14, 2017 (Petition).

1 application and the petition for confidential treatment on June 15, 2017, with comments
2 due by July 7, 2017. We received no comments.

3 Discussion

4 Petition for Confidential Treatment

5 Records filed with us are presumed to be public under AS 42.05.671(a) and
6 3 AAC 48.040(a). The commission makes exceptions for certain categories of
7 documents including records classified as confidential for “good cause” under
8 3 AAC 48.045. A party seeking confidential treatment must demonstrate the need for
9 confidential status according to the standard set out in 3 AAC 48.045(b).³ This standard
10 requires that we balance the interests of the party seeking confidentiality with the public
11 interest in disclosure. The Applicants request that we classify the financial information
12 for Platinum Equity Capital Partners IV, L.P. (PECP IV) as confidential under
13 3 AAC 48.045.⁴

14 We require that a statement of financial condition be filed in support of an
15 application to acquire an indirect controlling interest in a certificated utility.⁵ The
16 Applicants state that SCRS and its ultimate parent, SCRS Holding Corporation, are newly
17 formed entities created for the purposes of the transaction and that they do not have
18 historical financial statements.⁶ In support of the joint application, Applicants submitted

19 ³3 AAC 48.045(b) provides:

20 Good cause to classify a record as confidential under this section includes a
21 showing that

22 (1) disclosure of the record to the public might competitively or financially
23 disadvantage or harm the person with confidentiality interest or might
24 reveal a trade secret; and

25 (2) the need for confidentiality outweighs the public interest in disclosure.

26 ⁴Petition at 2.

⁵APUC Form X107 at 4.

⁶Petition at 2.

1 financial information for PECP IV, a private-investment fund limited partnership, that is
2 the majority owner of SCRS Holdings Corporation.⁷

3 The Applicants state that the information for which they request confidential
4 treatment:

5 includes competitively sensitive financial and investment information from
6 PECP IV, its general partner, and its limited partners and contains confidential
7 trade secrets including non-public, proprietary valuation, investments,
8 divestitures, distributions, operations, assets, liabilities and capital accounts
9 which should not be disclosed to parties outside the Commission and
Commission staff. The Information is competitively sensitive because it reveals
private, confidential financial information underlying PECP IV performance,
investment strategy and capital account balances of its limited partners.⁸

10 The Applicants further state that the information is from a privately-held
11 company and that PECP IV, its general partner, and its limited partners do not routinely
12 make this information available to either the public or to regulatory authorities without
13 confidential classification by the regulatory entity.⁹

14 The Applicants assert that there is no need for public access to the
15 information because the certificate holder, STI:

16 has a demonstrated record of technical, financial and managerial competence
17 to continue to provide the same, authorized services that it has been providing
18 in the State of Alaska for over twenty years. Further, STI has provided, in the
19 public record, as Exhibit C to the Application, the 2016 Consolidated Financial
20 Report for Securus Technologies Holdings, Inc. and Subsidiaries (including
21 STI). Accordingly, the public remains fully informed regarding the financial
22 capability of STI, the certificate holder herein, and its corporate parent. Given
23 the competitive and financial harm that could occur if the PECP IV Information
24 was disclosed, Applicants submit that the need for confidentiality of the
25 Information far outweighs the de minimus public interest in disclosure.¹⁰

23 ⁷Petition at 2. The Applicants state that they are providing “highly confidential
materials and financial information” for PECP IV. *Id.*

24 ⁸Petition at 3.

25 ⁹Petition at 4.

26 ¹⁰Petition at 4.

1 Finally, the Applicants note that we have previously granted similar requests
2 for confidential treatment involving the acquisition of an indirect controlling interest in STI
3 by other private investment limited partnerships.¹¹ In those orders (Order U-11-065(1)
4 and Order U-13-016(1)), we stated:

5 We generally deny requests for confidential treatment of highly aggregated
6 and historical financial information. However, we have granted confidential
7 status to the financial statements of private investment firms owning five
8 percent or more of a certificated utility, observing that public disclosure of the
information was not necessary to enable us to assess the ability of the principal
owners to provide the necessary financial support to the utility (footnotes
omitted).¹²

9 In this proceeding, we find that disclosure of PECP IV's financial statements
10 may competitively or financially disadvantage PECP IV. We further find that the potential
11 competitive harm to PECP IV by disclosure of the financial information outweighs the
12 public interest in disclosure. We therefore find that the need for confidentiality outweighs
13 the public interest in disclosure of the financial information of PECP IV. Accordingly, good
14 cause exists to classify the information as confidential. We grant the petition for
15 confidential treatment of the financial information of PECP IV.

16 Decision Timeline

17 The commission is required under AS 42.05.175(a)(4) to issue a final order
18 not later than 180 days after a complete application is filed to acquire a controlling interest
19 in a certificated public utility. We reviewed the joint application under 3 AAC 48.648. We

21 ¹¹Petition at 2, 4-5. Applicants reference the orders granting confidential treatment
22 of financial information for private investment partnerships in Dockets U-11-065 and
23 U-13-016. See Petition at 2 n.1 (citing Order U-13-016(1), *Order Granting Petition for
24 Confidential Treatment, Granting Motion for Waiver, Granting Request for Expedited
25 Consideration, Addressing Statutory Timeline, Designating Commission Panel, and
26 Appointing Administrative Law Judge*, dated May 22, 2013 (Order U-13-016), and Order
U-11-065(1), *Order Granting Petition for Confidential Treatment, Granting Motion for
Waiver, Granting Request for Expedited Consideration, Addressing Statutory Timeline,
Designating Commission Panel, and Appointing Administrative Law Judge*, dated July 13,
2011 (Order U-11-065(1)); Petition at 5 n.2 (citing Order U-13-016(1)).

¹²Order U-11-065(1) at 4; Order U-13-016 at 3-4.

1 did not reject the joint application within 15 business days after it was filed under
2 3 AAC 48.648(b)(1). However, the Applicants filed a petition for confidential treatment.
3 Under 3 AAC 48.648(d)(1), an application accompanied by a petition for confidential
4 treatment is complete on the date the application is filed if the confidentiality petition is
5 granted and all other filing requirements are met.

6 In this order, we grant the petition for confidential treatment. All other filing
7 requirements have been met. Therefore, the joint application was complete as filed on
8 June 14, 2017. Accordingly, we will issue a final order in this proceeding no later than
9 December 11, 2017.

10 **ORDER**

11 THE COMMISSION FURTHER ORDERS that the *Petition for Confidential Treatment* filed
12 June 14, 2017, by SCRS Acquisition Corporation, Securus Investment Holdings, LLC,
13 and Securus Technologies, Inc. is granted.

14 DATED AND EFFECTIVE at Anchorage, Alaska, this 2nd day of August, 2017.

15 BY DIRECTION OF THE COMMISSION
16 (Commissioners Robert M. Pickett and Janis W. Wilson,
17 not participating.)



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